

Keer Yang

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EDUCATION	University of Minnesota, Minneapolis, U.S. Ph.D. Candidate in Finance	2016 - Present (expected May 2022)
	Toulouse School of Economics, Toulouse, France M.Res. in Economic Theory and Econometrics	2014 - 2016
	Zhejiang University, Hangzhou, China B.S. Mathematics and Applied Mathematics	2010 - 2014

RESEARCH INTERESTS	FinTech, Machine Learning, Financial Intermediaries, Empirical Corporate Finance
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WORKING PAPERS	Trust as an Entry Barrier: Evidence from FinTech Adoption (Job Market Paper) <ul style="list-style-type: none">• <i>2021 Financial Management Association Best Paper Award in FinTech Semifinalist</i>
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This paper studies the role of trust in incumbent lenders (banks) as an entry barrier to emerging FinTech lenders in credit markets. The empirical setting exploits the outbreak of the Wells Fargo scandal as a negative shock to borrowers' trust in banks. Using a difference-in-differences framework, I find that increased exposure to the Wells Fargo scandal leads to an increase in the probability of borrowers using FinTech as mortgage originators. Utilizing political affiliation to proxy for the magnitude of trust erosion in banks in a triple-differences specification, I find that, conditional on the same exposure to the scandal, a county experiencing a greater erosion of trust has a larger increase in FinTech share relative to a county experiencing less of an erosion of trust. Estimating treatment effect heterogeneity using generic machine learning inference suggests that borrowers with the greatest decrease in trust in banks and the greatest increase in FinTech adoption have similar characteristics.

FinTech and Racial Barriers in Small Business Lending with Celine Yue Fei

Why are fintech lenders more popular among minority-owned businesses? We provide novel evidence on this question using a linked database on a national-wide restaurant sample from Yelp and Paycheck Protection Program (PPP) loans. We show that in a simple two-sided matching model, three distinct channels can lead to a higher fintech usage by minority borrowers: 1) differences in operational performance between minority and non-minority borrowers; 2) a smaller proportion of minority borrowers having lending relationships; 3) racial-dependent factors affecting the value of the borrower-lender matches. Empirically, we do not find consistent evidence on the first channel. We find supporting evidence for the second channel that minority-owned restaurants are less likely to have lending relationships and restaurants without lending relationships are more likely to use fintech lenders. We also find evidence supporting the third channel that minority-owned restaurants are more undervalued by traditional than fintech lenders. We further show that higher levels of business capital on the borrower side and

a smaller geographic scope on the lender side can mitigate the racial gap in the value of the borrower-lender match. The results in 2021 become statistically insignificant, suggesting that racial disparities are largely reduced. We do not find a similar pattern for first-time bank participants, community development financial institutions, credit unions, or other non-federally insured lenders. Minority-owned businesses preferring faster loan approval also cannot explain the racial disparities we document. Overall, our results suggest that there are racial barriers in traditional loan distribution channels that can be at least partially addressed by fintech lenders.

Predicting Firm Profits: From Fama-MacBeth to Gradient Boosting with Murray Frank

This paper studies the predictability of firm profits using Fama-MacBeth regressions and gradient boosting. Gradient boosting can use more relevant factors and it predicts better. Profits are more predictable at firms that are large, investment grade, low R&D, low market-to-book, low cash flow volatility. Effects on financing decisions, and cross-section of stock returns are studied. During recessions profits are less predictable, particularly for particularly non-investment grade firms. Both algorithms produce estimates like those interpreted in the literature as evidence of excessive human optimism during booms and excessive pessimism during recessions.

Does Finance Flow to High Productivity Firms? with Murray Frank

This paper studies the impact of productivity on the flow of financial resources to and from firms. To do this we use machine learning methods (Lasso, XGBoost) to derive a new measure of firm productivity using standard corporate accounts. Output is sales revenue and we find that the key inputs are i) cost of goods sold, ii) selling general and administrative expenses, iii) total assets. Empirically finance typically flows away from high productivity firms. This happens because firm invest in operations and reward investors when productivity is high. To fund these actions they make use of internal cash holdings which provides a novel motivation for corporate cash holdings.

WORK IN
PROGRESS

The Ex Ante Effect of Bankruptcy Law with Richard Thakor and Jacelly Cepedes

We study how bankruptcy law affects the investment and financing decisions of small businesses, and what effect it has on real outcomes. To do so, we utilize unique microdata from the agricultural sector, providing us with detailed financial, investment, and productivity data for individual private farms. Using this data, we identify an effect based on qualification thresholds stipulated by a special bankruptcy code uniquely available to farmers, which permits some farmers to receive much more debtor-friendly treatment.

CONFERENCE AND
SEMINAR
PRESENTATIONS
(*BY CO-AUTHOR)

- Trust as an Entry Barrier: Evidence from FinTech Adoption
 - 2021 FMA Annual Meeting (scheduled)
 - 2021 2nd PhD Student Symposium at UT Austin
 - 2021 6th Cambridge Centre for Alternative Finance Annual Conference
 - 2021 4th Dauphine Finance PhD Workshop
 - 2021 China Fintech Research Conference
 - 2021 Behavioural Finance Working Group Conference
 - 2020 CEPR European Conference on Household Finance

	<ul style="list-style-type: none">• Can FinTech Benefit Minority-owned Small Businesses? Evidence from the Pay-check Protection Program<ul style="list-style-type: none">– 2021 2nd Annual Boca Corporate Finance and Governance Conference (scheduled)– 2021 14th Annual Meeting of the Academy of Behavioral Finance & Economics(*)• Does Finance Flow to High Productivity Firms?<ul style="list-style-type: none">– 2019 University of Iowa– 2019 China International Conference in Finance(*)– 2018 London Business School Summer Finance Symposium(*)– 2018 Minnesota Corporate Finance Conference(*)– 2018 CSOM Summer Applied Economics Workshop(*)– 2018 Workshop on Artificial Intelligence and Machine Learning in Financial Services at Rensselaer(*)								
PROGRAMMING LANGUAGES	<p>Programming: SQL, R, Python, LaTeX</p> <p>Software: SAS, Stata, Matlab, TensorFlow</p>								
PROFESSIONAL SERVICE	<p>Referee</p> <ul style="list-style-type: none">• Journal of Corporate Finance <p>Invited Discussions</p> <ul style="list-style-type: none">• 2021 China International Conference in Finance: <i>Big Data Analyses with No Digital Footprints Available – Evidence from Cyber-Telecom Fraud</i> by Liu, Liu, Ruan, Yang, and Zhang• 2021 Behavioural Finance Working Group conference: <i>Psychological and Social Motivations in Microfinance Contracts: Theory and Evidence</i> by Dhami, Arshad, and al-Nowaihi• 2020 Financial Management Association: <i>FinTech and the Supply of Credit to Small Business</i> by Mark Johnson								
TEACHING EXPERIENCE	<p>Instructor</p> <ul style="list-style-type: none">• Finance Fundamentals, University of Minnesota, 2018-2019 <p>Teaching Assistant</p> <ul style="list-style-type: none">• Machine Learning in Finance• Portfolio Analysis and Management, Interest Rates and Hedging, Options & Derivatives, Corporate Financial Decisions and Analysis, M&A, Financial Modeling, Financial Econometrics and Computational Methods, International Finance								
AWARDS AND HONORS	<p>Carlson School of Management, University of Minnesota</p> <table><tr><td>CSOM dissertation fellowship</td><td>2020 - 2021</td></tr><tr><td>PhD student conference-travel fellowship</td><td>2020-2021</td></tr><tr><td>PhD Fellowship</td><td>2016 - 2021</td></tr></table> <p>French Ministry of Foreign Affairs</p> <table><tr><td>France Excellence Scholarship</td><td>2014 - 2016</td></tr></table>	CSOM dissertation fellowship	2020 - 2021	PhD student conference-travel fellowship	2020-2021	PhD Fellowship	2016 - 2021	France Excellence Scholarship	2014 - 2016
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	Zhejiang University Outstanding Graduates Academic Excellence	2014 2011-2013
ADDITIONAL EXPERIENCE	Carlson School of Management, University of Minnesota Research Assistant	2016-Present
	Jyah Asset Management Assistant Analyst	June 2015-August 2015
	IBM-Biocomputing Lab Research Assistant	June 2012-October 2012
REFERENCES	Murray Z. Frank (main-advisor) Professor of Finance University of Minnesota Email: murra280@umn.edu Phone: +1-612-625-5678	Tracy Yue Wang (co-advisor) Professor of Finance University of Minnesota Email: wangx684@umn.edu Phone: +1-612-624-5869
	Richard T. Thakor Assistant Professor of Finance University of Minnesota Email: rthakor@umn.edu Phone: +1-612-626-7817	

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